

BRAMWELL BROWN LTD

INVESTMENT ADVISERS – SHAREBROKERS

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Brokers' Picks

Each year the New Zealand Herald publishes a table of brokers' recommendations for the five companies they think will be the best performers over the coming year. It's a no-win situation for the brokers, as they all know the share-market is not somewhere to invest for a short period. However, it provides interesting reading, and looking back on previous recommendations highlights the fundamental need to hold a diverse range of companies. Evolve Education, Fletcher Building, Tower, NZ Refining, Synlait Milk, Vista Group, Sky TV, Green Cross Health, Tru-Screen and Comvita have been chosen previously – none of which have performed well since.

This year, the brokers were asked to pick three New Zealand companies, one Australian company, and one international company. Here are this year's choices:

Broker 1

A2 Milk

AFT Pharmaceuticals

Ryman Healthcare

Resmed

Walt Disney

Broker 2

Contact Energy

Sky Television

Summerset

CSL

Amazon

Broker 3

Contact Energy

Sky Television

Summerset

NEXTDC

Netflix

Broker 4

Infratil

Tower

Freightways

Telstra

American Tower

Broker 5

Infratil

Vital Healthcare Properties

NZX

WiseTech Global

Johnson & Johnson

I think it's important to stress that nobody should be picking stocks with a one-year time frame – shares should be treated as a long-term investment.

Official Cash Rate

The Reserve Bank's Monetary Policy Committee met on February 28th to review the Official Cash Rate (OCR). Here is a summary of their meeting.

“Over the past year or so, the New Zealand economy has evolved broadly as anticipated by the Committee. Core inflation and most measures of inflation expectations have declined, and the risks to the inflation outlook have become more balanced. However, headline inflation remains above the 1 to 3 percent target band, limiting the Committee's ability to tolerate upside inflation surprises. Restrictive monetary policy and lower global growth have contributed to aggregate demand slowing to better match the supply capacity of the New Zealand economy. With high immigration and weaker demand growth, capacity constraints in the New Zealand labour market have eased. However, recent high population growth is supporting aggregate spending, as evident in upward pressure on dwelling rents, for example.

Internationally, global economic growth remains below trend and is expected to slow further during 2024. This subdued environment will support a further moderation in New Zealand's import price inflation. The outlook for the China economy remains particularly weak relative to recent historical norms, with structural factors constraining long-term growth. A more general risk to global growth is that central banks may need to keep policy interest rates at restrictive levels for longer than currently reflected by financial market pricing, to ensure that inflation targets are met. Heightened geopolitical and climate conditions remain a risk for inflation. The recent rise in global shipping costs is one manifestation of these risks.

The Committee remains alert to these relative cost pressures and will act to limit spillovers into general inflation if necessary. The Committee remains confident that the current level of the OCR is restricting demand. However, a sustained decline in capacity pressures in the New Zealand economy is required to ensure that headline inflation returns to the 1 to 3 percent target. The OCR needs to remain at a restrictive level for a sustained period of time to ensure this occurs. On Wednesday 28 February, the Committee reached a consensus to keep the Official Cash Rate at 5.50 percent.”

It appears that New Zealand is not controlling inflation as well as other economies, and it looks likely interest rates will need to stay higher for longer. This is good for fixed interest investors, with rates over six percent currently available on a one-year term deposit. However, things can and do change very quickly. I continue to encourage investors to not simply chase the highest return available, but also consider locking in some funds for longer terms.

Current Bond Yields

Here is a selection of the current yields on commonly traded bonds listed on the NZX.

Company	Coupon	Maturity Date	Yield
Argosy Property	4.00%	March 2026	6.77%
Infratil	3.35%	March 2026	7.41%
Manawa Energy	3.35%	July 2026	5.79%
ASB	5.93%	November 2026	5.32%
Infratil	3.35%	December 2026	7.08%
Ryman Healthcare	2.55%	December 2026	6.83%
Goodman Property Trust	4.74%	April 2027	6.35%
Sky City Entertainment	3.02%	May 2027	7.37%
Precinct Properties	2.85%	May 2027	6.86%
Mercury Energy	5.73%	May 2027	6.80%
Manawa Energy	5.36%	September 2027	5.77%
Westpac	6.19%	September 2027	6.37%
Vector	3.69%	November 2027	5.60%
Infratil	3.60%	December 2027	6.80%
Arvida	2.87%	February 2028	7.47%
Contact Energy	5.82%	April 2028	5.40%
Precinct Properties	5.25%	May 2028	6.89%
BNZ	5.54%	May 2028	5.34%
Wellington Airport	5.78%	August 2028	5.65%
Infratil	6.78%	December 2028	6.92%
Manawa Energy	6.56%	February 2029	5.88%
Wellington Airport	6.02%	September 2030	5.66%
Heartland Bank Limited	7.51%	April 2033	7.50%
Kiwibank Limited	6.40%	May 2033	6.43%
Infratil	5.93%	June 2030	7.09%
Infratil	7.08%	March 2031	6.95%
NZX	6.80%	June 2033	6.84%
Mercury Energy	3.60%	July 2049	8.21%
Genesis Energy	5.66%	June 2052	6.85%

Term Deposit Rates

Here is a list of the current bank term deposit rates that are available.

	1 Year	2 Years	3 Years	4 Years	5 Years
ANZ	6.00%	5.65%	5.30%	5.30%	5.20%
ASB	6.10%	5.65%	5.35%	5.30%	5.30%
BNZ	6.00%	5.60%	5.30%	5.20%	5.10%
Heartland	6.30%	6.10%	5.85%	5.75%	5.65%
Kiwibank	6.15%	5.70%	5.35%	5.35%	5.35%
Rabobank	6.30%	6.10%	5.90%	5.85%	5.75%
Westpac	5.90%	5.50%	5.30%	5.20%	5.10%

Scams

We continue to see a large number of scams being carried out in New Zealand. Scammers are becoming more sophisticated, and the emergence of artificial intelligence (AI) technology has some very worrying implications. Imagine receiving a call from your daughter asking if she can use your credit card to book her flights home for Christmas. You know it's your daughter because you know her voice. But it's not her at all. AI has been used to replicate her voice based on a snippet of recorded conversation.

Recently the new Minister of Commerce & Consumer Affairs, Andrew Bayly has written to the NZ Banking Association, saying retail banks need to strengthen their processes to give Kiwis better safeguards from organised criminals. He claims nearly \$200 million was lost to scams last year. Bayly has instructed the banks to investigate a voluntary reimbursement scheme to improve customer compensation, similar to that in force in the UK, where banks are now required to refund customers who are tricked into authorising fraudulent payments to scammers up to a limit of £450,000.

The Financial Markets Authority (FMA) has an area on their website dedicated to scam warnings and alerts: [Scams | Financial Markets Authority \(fma.govt.nz\)](#)

If you suspect you have been targeted by an investment scam you can contact the FMA on 0800-434566, or by email at questions@fma.govt.nz. Alternatively, don't hesitate to contact our office if you think you may have been the target of a scam.

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